File No. RH04041574   **Date: January 31, 2006**

UPDATED INFORMATIVE DIGEST

AMENDMENT OF SECTION 2632.5(c)(1)(A)
ORDERING OF MOTOR VEHICLE REPORTS

Summary of Existing Law

California Insurance Code Section 1861.02(a) provides that rates and premiums for an automobile insurance policy shall be determined by application of various factors in decreasing order of importance. The first factor is the insured's driving safety record.

California Insurance Code Section 1861.025 generally provides that a person is qualified to purchase a Good Driver Discount policy if he or she has been licensed to drive a motor vehicle for the previous three years and during that time has maintained a specified driving record.

Title 10, California Code of Regulations, Section 2632.5(c) defines the first mandatory factor (the insured's driving safety record) as the public record of traffic violation convictions available from the California Department of Motor Vehicles, together with similar public records of traffic violation convictions that are available from other jurisdictions.

However, existing law does not explicitly establish time periods within which insurers shall order MVRs to rate and underwrite an automobile insurance policy.

Policy Statement Overview and Effect of Proposed Action

The proposed regulation would clarify that, to determine a driver's driving safety record for purposes of California Insurance Code Sections 1861.02(a)(1) and 1861.025, each insurer shall verify a driver's current driving safety record as contained in the Motor Vehicle Report for every driver listed on the policy at the time of policy application, and for each new driver added to the policy at the time the driver is added, and no less frequently than every 36 months thereafter for policies remaining in effect.

Corresponding to the Good Driver Discount requirement, no insurer shall rate or underwrite a renewal policy based upon an MVR older than 36 months at the time the policy is renewed.

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